



*Via Email & Federal Express*

April 13, 2010

Mr. Kevin Shannon  
Vice Chairman  
CB Richard Ellis  
990 W. 190th St #100  
Torrance, CA 90502

*Re: Golden State Portfolio – Los Angeles, San Francisco, and Sacramento, California*

Dear Kevin:

This letter constitutes a Letter of Intent (“**LOI**”) regarding the purchase by BentleyForbes Acquisitions, LLC, a Delaware limited liability company, or its assignee (“**Purchaser**”), of the property described below from the owner of record (“**Seller**”) on the following terms and conditions:

1. **Property to be Purchased and Conveyed**

The “**Property**” means the real property and associated tangible personal property and intangible property relating to one or more of the eleven (11) assets commonly known as the Golden State Portfolio and with respect to which Seller chooses Purchaser as the buyer.

2. **Purchase Price**

The purchase price for the all eleven (11) assets making up the Property shall be \$1,807,287,442 (“**Purchase Price**”), and shall be payable in cash at closing. The following table details a purchase price allocation for each of the eleven assets included in the Golden State Portfolio transaction:

Golden State Portfolio	
Name	Valuation
Junipero Serra Building	\$75,549,089
Ronald Reagan Building	\$135,505,889

Elihu Harris Building	\$148,397,200
San Francisco Civic Center	\$284,390,400
Public Utilities Commission Building	\$78,684,529
Judge Rattigan Building	\$12,766,184
Franchise Tax Board Office Complex	\$420,983,828
Capitol Area East End Complex	\$436,117,509
Department of Justice	\$58,075,600
The Attorney General Building	\$119,123,730
Cal EMA	\$37,693,484
	<b>\$1,807,287,442</b>

The Purchase Price does not contemplate the assumption of any mortgage or other debt by Purchaser. The Purchase Price shall be adjusted in accordance with reasonable and customary prorations, credits, reserves and other adjustments, including credit for security deposits, if any. The Purchaser retains the right to increase the Purchase Price, via reserves that may be established for property expenses including, but not limited to, tenant improvements, capital expenditures, leasing commissions, etc. ("**Upfront Reserves**"), with such Upfront Reserves to be held by Purchaser's lender for the benefit of Purchaser. The Purchaser also retains the right to adjust the Purchase Price based on the information contained within the to-be-furnished property condition reports.

### 3. **Purchase and Sale Agreement**

Unless the Seller intends to send its proposed purchase and sale agreement to Purchaser, within two (2) business days after execution of this LOI, Purchaser's counsel shall deliver a proposed purchase agreement to Seller, and Purchaser and Seller shall thereupon use reasonable and good faith efforts to negotiate a final form of purchase and sale agreement which is in substance in accordance herewith and which is otherwise in a form and substance reasonably acceptable to Seller and Purchaser ("**Purchase Agreement**").

### 4. **Due Diligence Period**

The closing of this transaction shall be subject to Purchaser's review of the Property (including a review of the Property's physical and financial condition, environmental issues and all agreements, instruments and other documentation relating to the Property) within thirty (30) days following execution of the Purchase Agreement ("**Due Diligence Period**"). Commencing upon execution and delivery of this LOI, Seller agrees to make available to Purchaser documents relating to the Property including but not limited to the documents listed on Exhibit A hereto to the extent the same are in the possession and/or control of Seller. At any time during the Due Diligence Period, Purchaser may terminate the Purchase Agreement (or, if the Purchase Agreement has not been executed and delivered, this LOI) for any reason or no reason in its sole and absolute discretion and in such case the Initial Deposit (defined below) shall be returned to Purchaser.

5. **Escrow; Escrow Deposits**

The purchase and sale contemplated hereby shall be consummated through an escrow established with Fidelity National Title Insurance Company of California, a California corporation (“**Escrow Agent**”). Upon the execution of the Purchase Agreement, Purchaser shall deposit one-half of one percent (.5%) of the total value (as set forth in Section 2) of the asset(s) awarded (“**Initial Deposit**”), and, upon expiration of the Due Diligence Period, assuming Purchaser has not terminated the Purchase Agreement in accordance with the last sentence of Section 4 of this LOI, an additional one-half of one percent (.5%) of the total value (as set forth in Section 2) of the asset(s) awarded (“**Second Deposit**”), into an escrow account maintained by the Escrow Agent. Such deposits shall be credited against the Purchase Price at closing, returned to Purchaser if the sale does not close because of a failure of any condition precedent to closing, or delivered to Seller as its sole remedy if the transaction does not close as a result of Purchaser’s default under the Purchase Agreement following the Due Diligence Period.

6. **Title and Survey**

Title to each Property transferred to Purchaser at closing shall be insured under an ALTA Owner’s Extended Coverage policy of title insurance issued by a title insurance company selected by Purchaser, such policy to be in the amount of the Purchase Price allocated to the respective Property, in a form and with such endorsements as shall be reasonably acceptable to Purchaser, and subject only to such exceptions to and/or exclusions from coverage as shall be agreed to by Purchaser during the Due Diligence Period (each a “**Title Insurance Policy**”). Promptly after the execution hereof, Seller shall deliver to Purchaser the most recent ALTA/ACSM survey of each Property which is in its possession and/or control. Prior to closing, each survey shall be updated and recertified to Purchaser, the title insurance company and Purchaser’s lenders with respect to the transaction contemplated hereby (“**Updated Surveys**”). All exceptions to the coverage of any Title Insurance Policy relating to the respective Updated Survey shall be subject to the approval of Purchaser.

7. **Closing**

The closing shall occur thirty (30) days following expiration of the Due Diligence Period, provided that, Purchaser shall have the right to extend the closing for up to thirty (30) days if necessary to satisfy the conditions precedent to closing set forth in the Purchase Agreement.

8. **Conditions to Purchaser's Obligation To Close**

The Purchase Agreement shall provide the following conditions to the Purchaser's obligation to close, in addition to such further reasonable conditions as may be included in the Purchase Agreement to address Property-specific issues or which are otherwise reasonable and customary:

A. Lease The following lease shall be in full force and effect at closing for each asset awarded to Purchaser:

Tenant:	State of California
Lease Type:	(10) Modified Gross Leases, (1) NNN Absolute (Cal EMA)
Gross Rentable Area:	7.3 million sqft (portfolio)
Annual Rent Increases:	10% increases every five years
Initial Term Expiration Date:	20 Year Term
Renewal Options:	Six (6) five year renewal options

B. Other Conditions (i) Receipt by Purchaser of satisfactory tenant estoppel certificate relating to any existing leases, (ii) receipt by Purchaser of satisfactory Subordination, Non-Disturbance and Attornment Agreement relating to any existing leases and the new leases, (iii) no defaults in existence under any existing leases and any other instruments or agreements affecting any Property, (iv) receipt by Purchaser of each Title Insurance Policy, and (v) no material adverse change in the condition of any Property or any tenant between the date of the Purchase Agreement and the date of closing.

9. **Transaction Costs**

Unless otherwise negotiated in the Purchase Agreement, the costs of the transaction shall be allocated as follows: Purchaser shall be responsible for Appraisal, Property Condition and Environmental Reports. Seller shall be responsible for Transfer Taxes (if any), Recording Costs, ALTA Title Policy, ALTA Title Endorsements (except for Lender Endorsements), Escrow Fees and Charges and ALTA Survey including Updated Surveys.

10. **Real Estate Brokerage Commissions**

Any real estate brokerage commission incurred in this transaction shall be paid by Seller.

11. **Binding Effect of this LOI**

Except for Seller's and Purchaser's respective rights and obligations under Sections 3, 4 and 12 of this LOI, no contractual rights or legal obligations are intended to be or shall be created by this LOI and, subject to Sections 3, 4 and 12 of this LOI, the parties shall be bound with respect to the subject matter of this LOI only if and when a final Purchase Agreement is fully executed and unconditionally delivered by Seller and Purchaser.

12. **No Further Marketing**

For so long as Purchaser is negotiating the Purchase Agreement in good faith (but in no event longer than thirty (30) days from the date of execution and delivery of this LOI, unless otherwise agreed by Seller), Seller shall not offer the assets making up the Property offered to Purchaser for sale or other disposition (directly or indirectly) to, or negotiate or discuss any such disposition with, anyone other than Purchaser.

13. **Special Condition**

The closing documentation shall provide for a fee to be paid by Seller at closing to an affiliate of Purchaser. The Purchase Price shall be increased by the amount of such fee so that there is no net economic effect to Seller associated therewith. In addition, any incremental transaction costs associated with the aforesaid fee shall be borne by Purchaser, provided that, all brokerage commissions shall be based on the Purchase Price without any increase thereto relating to the payment of such fee.

[SIGNATURE PAGE TO FOLLOW]

**This LOI is effective until 5:00 p.m., Pacific Standard Time, on April 23, 2010. If the terms of this offer are acceptable to you, please so indicate by executing and returning this LOI to the undersigned by facsimile or PDF attachment to an email prior to such time.**

Very truly yours,

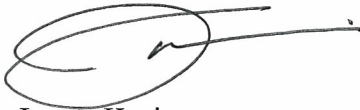
**BENTLEYFORBES ACQUISITIONS LLC**



C. Frederick Wehba  
Chairman



C. Fredrick Wehba II  
Vice Chairman



James Kasim  
President & COO



Anthony J. Manos  
Chief Investment Officer

**AGREED AND ACCEPTED BY:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT A**

### **DUE DILIGENCE DOCUMENTS LIST**

1. All leases including ground leases and subleases and all guaranties of the tenants' obligations thereunder
2. Tenant financials for the last three (3) years
3. Material correspondence with tenants for the last three (3) years, including the last estoppels delivered by the tenants
4. Floor Plans (8½" x 11")
5. Existing owner's title insurance policy, including all instruments or other documents relating to the exceptions to coverage shown therein
6. "As-built" ALTA/ACSM surveys
7. Current map indicating location of subject property and comparable properties if available
8. Recent aerial photographs (color 8x10s) of the subject properties and surrounding area
9. Recent photographs (color) of all facilities (interior)
10. Street level photographs of building exteriors
11. Detailed description of the Properties including square footage, number and type of units, year built and/or renovated, description of construction details, HVAC, and parking information (including number of total spaces, covered and handicapped spaces)
12. The Purchaser's construction cost for each Property
13. Legal description of each Property
14. "As-built" floor plans and specifications
15. Phase I Environmental reports
16. Engineering Reports
17. Most current Appraisal Reports
18. Property tax bills for the last three (3) years, if any
19. Certificates evidencing all current insurance coverage on the Property (Accord 25 & 27)

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18. Property tax bills for the last three (3) years, if any
19. Certificates evidencing all current insurance coverage on the Property (Accord 25 & 27)
20. All certificates of occupancy
21. All warranties applicable to the improvements on each Property
22. All licenses and permits required for the operation of, or otherwise in existence with respect to, each Property
23. Utility Bills for the last three (3) years.
24. Description, summary, and status of all known violations of property codes or other laws, and all litigation or other governmental proceedings, in each case affecting the Property
25. Itemization of all capital expenditures for the last three (3) years, plus current year's budget
26. Sales for the property for the past three (3) years (for retail tenants)
27. Vendor/Service contracts
28. Site Plans (including parking) for each Property
29. Current year's operating budget, previous twelve months and past 3 years operating statements for the property
30. Name and contact information for on-site property manager (if any)
31. Property Management Agreements (if any)
32. Documentation of each Property's zoning classification and compliance with zoning laws, including those relating to parking requirements, and including comfort letters from applicable governmental entities with respect to these issues.